

Executive Summary Report

Appraisal Date 1/1/07- 2007 Assessment Roll

Specialty Name: Mini-Storage Facilities

Sales – Improved Analysis Summary:

Number of Sales 6

Range of Sales Dates: 06/2004 – 01/2006

Sales – Ratio Study Summary:

	Improved Value	Sale Price	Ratio	COV
2006 Average Value	\$3,336,000	\$4,064,100	82.10%	20.51%
2007 Average Value	\$3,960,500	\$4,064,100	97.50%	5.88%
Change	\$624,500		15.40%	-14.63%
% Change	18.72%		18.76%	-71.33%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of - 14.63% and – 71.33% actually represent an improvement.

Sales used in Analysis: All sales verified as ‘good’ were included in the analysis. The sales considered indicate a slight upward trend in market value, but the limited number of recent sales reduces reliability.

Total Population - Parcel Summary Data:

	Land	Imps	Total
2006 Value	\$228,605,990	\$384,978,610	\$613,584,600
2007 Value	\$257,513,900	\$452,714,200	\$710,228,100
% Change	12.65%	17.59%	15.75%

Number of Parcels in the Population: 166

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2007 Assessment Roll.

Analysis Process

Specialty and Responsible Appraiser

Specialty Area – 608 Mini-Storage Facilities

The following Appraiser did the valuation for this specialty.

Name: Dan Atkinson – Senior Appraiser

Highest and Best Use Analysis

As if vacant: Market analyses of the area, together with current zoning and current and anticipated use patterns, indicate the highest and best use of the land.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000.00 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value were considered in this analysis.

The following Departmental guidelines were considered and adhered to:

- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 608 Mini-Storage

Boundaries: King County

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Industry Overview:

Mini-Storage facilities are found in rural, urban, and suburban areas throughout King County. Firms such as Mr. Van Guard, Store More, and the recent merger of Shurgard with Public Storage late 2006, have multiple locations. There are also a number of independent operators in the business. Most Mini-Storage facilities have good exposure and high visibility. They are also located near to large complexes of multi-family housing. Generally, facilities located in rural and suburban neighborhoods are a mix of one or two story buildings that you can drive up to for easy access. These are typically on larger sites and often include specialized storage for recreation vehicles. In neighborhoods of higher density multi level facilities three stories and above are becoming more common. The newest and updated facilities are equipped with high-tech security, automated access, climate control, utility systems, with many having on-site manager living space for added security. Within the city limits of Seattle, some older warehouses have been converted to Mini-Storage facilities. Multi level facilities typically have large cargo freight elevators that lead to upper floor storage units.

Area 608 was divided into 2 sub areas, 608-10 and 608-20. Area 608-10 is all Mini-Storage facilities in Seattle, North Seattle, and the Eastside. Area 608-20 is all Mini-Storage facilities in the South-end of King County.

Physical Inspection Identification:

Mini-Storage valuations were performed on all facilities within all areas of King County. Approximately 20% of the population was inspected, specifically in the northwestern part of Area 608-10, between September of 2006 and June of 2007.

Preliminary Ratio Analysis

A Preliminary Ratio Study was completed prior to the application of the 2007 recommended values. This study benchmarks the current assessment level using 2006 posted values. The study was also repeated after application of the 2007 recommended values. The results are included in the validation section of this report, showing an improvement in the COV from 20.51% to 5.88%.

Scope of Data

Land Value Data:

The geographic appraiser, in the area in which the Mini-Storage facilities are located, is responsible for the land value used by the Mini-Storage specialty appraiser. See the appropriate area reports for the land valuation.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. Verification consists of contact with Buyer, Seller, or Broker if possible, or information from the Costar InfoSystems, Inc., a real estate sales verification service. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the “Sales Used” and the “Sales Not Used” sections of this report.

Sales Comparison Approach model description

Only those sales verified and coded as “good” were considered in the process of this revalue. There were a total of 6 improved sales countywide considered as “good” sales dating from 06/23/04 to 01/06/06. These sales were considered on the basis of price per square foot of net rentable area. Although, there were too few sales to develop a model for sales comparison, these sales were used as a general guideline check on the values indicated by the income approach.

Cost Approach model description

Cost estimates are automatically calculated via the Marshall & Swift cost modeling system. Depreciation was also based on studies done by Marshall & Swift Valuation Service. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Cost estimates served as value indicators for new construction projects, some special mixed use properties.

Cost calibration

The Marshall & Swift cost modeling system built in to the Real Property Application is calibrated to the western region of the United States and the Seattle area.

Income Capitalization Approach model description

The Income Approach to value was considered the most reliable valuation approach for the Mini-Storage properties in this revalue cycle. The Mini-Storage facilities in King County were divided into two separate neighborhoods and assigned to one of two income tables derived by the Mini-Storage specialist. Income tables were developed for each economic neighborhood in Specialty Area 608 for use in the department’s commercial income capitalization program. They are broken down by neighborhood and the Marshall & Swift occupancy codes.

Income: Income parameters were derived using economic rental rates taken from published resources, property owners, tenants, and rental rate opinions from various real estate professionals active in specific markets.

Vacancy: Vacancy rates used were derived mainly from published sources tempered by personal observation.

Expenses: Expenses were estimated based on industry standards, published sources, and personal knowledge of the area's rental practices.

Capitalization Rates: Capitalization rates were determined by published market surveys, such as CoStar, Marcus & Millichap, Cushman & Wakefield, and Pricewaterhouse Cooper. Other resources include national reports and articles from Self Storage Brokers of America, Self Storage Association, Cornerstone Realty, Parham Group, and Inside Self Storage.

Income Approach calibration

The tables were calibrated after setting economic rents, vacancy, expenses and capitalization rates by using adjustments based on size, effective age, and construction quality as recorded in the Assessor's records. See income Tables 608-10 and 608-20 included in this report.

The effective age and condition of each building determines the capitalization rate used by the appraiser. For example; a building with a lower effective age of lesser condition will typically warrant a higher capitalization rate and a building in better condition with a higher effective age will warrant a lower capitalization rate.

The following table outlines general income parameters used in the valuation of the Mini-Storage facilities. Use code 386 refers to 1-3 level facilities, and use code 525 refers to multi level self contained facilities.

Area	Use Code	Overall Rent Range	Vacancy	Expenses	Cap Rate
608-10	386	\$10 - \$14	10% - 15%	35%	8% - 9.5%
608-10	525	\$12 - \$16	10% - 15%	35%	7.5% - 9%
608-20	386/525	\$9 - \$11.50	15%	35%	9% - 10%

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the specialty appraiser for correctness of the model application before final value selection. All factors used to establish value by the model were subject to adjustment.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Typically the Market Sales Approach is considered the best reliable indicator of value when comparable sales are available. Since there were too few sales to develop a model for sales comparison, these sales were used as a general guideline check on the values indicated by the income approach.

The Cost Approach was considered on all of the Mini-Storage facilities. Cost estimates served as value indicators for new construction projects, and some special mixed use properties.

The Income Approach to value was considered the most reliable valuation approach for the Mini-Storage properties in this revalue cycle.

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are presented both in the Executive Summary and in the 2006 and 2007 Ratio Analysis charts included in this report. The 2007 Ratio Study Analysis indicates that the statistical measure of assessment level went from 82.1% to 97.5%, the Coefficient of Dispersion (COD) went from 12.92% to 4.0%, and the Coefficient of Variation (COV) went from 20.51% to 5.88%. The Price-related Differential (PRD) improved from 1.08 to 1.02. The improved statistical measures are within the IAAO guidelines and demonstrate an improvement in uniformity and equity.

The Specialty Appraiser recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

The total assessed value for the 2006 assessment year, for specialty area 608, was \$613,584,600 and the total recommended assessed value for the 2007 assessment year is \$710,228,100. Application of these recommended values for the 2007 assessment year results in a total increase from the 2006 assessments of + 15.75%. This increase is due to upward market changes over time and the previous assessment levels.

2006 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:										
Central Crew	1/1/2006	8/9/2007	6/23/04 - 1/6/06										
Area	Appr ID:	Prop Type:	Trend used?: Y / N										
608	DATK	Improvement	N										
SAMPLE STATISTICS													
Sample size (n)	6	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.7</td><td>1</td></tr><tr><td>0.8</td><td>1</td></tr><tr><td>1.0</td><td>3</td></tr><tr><td>1.1</td><td>1</td></tr></tbody></table>		Ratio	Frequency	0.7	1	0.8	1	1.0	3	1.1	1
Ratio	Frequency												
0.7	1												
0.8	1												
1.0	3												
1.1	1												
Mean Assessed Value	3,336,000												
Mean Sales Price	4,064,100												
Standard Deviation AV	1,904,980												
Standard Deviation SP	2,643,530												
ASSESSMENT LEVEL													
Arithmetic mean ratio	0.890												
Median Ratio	0.976												
Weighted Mean Ratio	0.821												
UNIFORMITY													
Lowest ratio	0.6087												
Highest ratio:	1.0679												
Coefficient of Dispersion	12.92%												
Standard Deviation	0.1825												
Coefficient of Variation	20.51%												
Price-related Differential	1.08												
RELIABILITY													
95% Confidence: Median		<div>These figures reflect measurements <u>before</u> posting new values.</div>											
Lower limit	0.609												
Upper limit	1.068												
95% Confidence: Mean													
Lower limit	0.744												
Upper limit	1.036												
SAMPLE SIZE EVALUATION													
N (population size)	166												
B (acceptable error - in decimal)	0.05												
S (estimated from this sample)	0.1825												
Recommended minimum:	41												
Actual sample size:	6												
Conclusion:	Uh-oh												
NORMALITY													
Binomial Test													
# ratios below mean:	2												
# ratios above mean:	4												
z:	0.40824829												
Conclusion:	Normal*												
*i.e., no evidence of non-normality													

2007 Assessment Year

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:								
Central Crew	1/1/2007	8/8/2007	6/23/04 - 1/6/06								
Area	Appr ID:	Prop Type:	Trend used?: Y / N								
608	DATK	Improvement	N								
SAMPLE STATISTICS											
Sample size (n)	6	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.9</td><td>1</td></tr><tr><td>1.0</td><td>2</td></tr><tr><td>1.1</td><td>3</td></tr></tbody></table>		Ratio	Frequency	0.9	1	1.0	2	1.1	3
Ratio	Frequency										
0.9	1										
1.0	2										
1.1	3										
Mean Assessed Value	3,960,500										
Mean Sales Price	4,064,100										
Standard Deviation AV	2,462,131										
Standard Deviation SP	2,643,530										
ASSESSMENT LEVEL											
Arithmetic mean ratio	0.994	<div>These figures reflect measurements <u>after</u> posting new values.</div>									
Median Ratio	1.004										
Weighted Mean Ratio	0.975										
UNIFORMITY											
Lowest ratio	0.8854										
Highest ratio:	1.0480										
Coefficient of Dispersion	4.00%										
Standard Deviation	0.0584										
Coefficient of Variation	5.88%										
Price-related Differential	1.02										
RELIABILITY											
95% Confidence: Median											
Lower limit	0.885										
Upper limit	1.048										
95% Confidence: Mean											
Lower limit	0.947										
Upper limit	1.041										
SAMPLE SIZE EVALUATION											
N (population size)	166										
B (acceptable error - in decimal)	0.05										
S (estimated from this sample)	0.0584										
Recommended minimum:	5										
Actual sample size:	6										
Conclusion:	OK										
NORMALITY											
Binomial Test											
# ratios below mean:	3										
# ratios above mean:	3										
z:	-0.40824829										
Conclusion:	Normal*										
*i.e., no evidence of non-normality											

Improvement Sales for Area 608 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
608	010	145360	0308	50,369	2180901	\$7,100,000	01/06/06	\$140.96	MINI - STORAGE	C1-40	2	Y	
608	010	182604	9048	57,626	2100763	\$6,384,114	02/07/05	\$110.79	SHURGARD SELF STORAGE	RB	1	Y	
608	010	365770	0005	12,152	2099371	\$1,000,000	02/01/05	\$82.29	E-Z MINI STORAGE	IC-45	1	Y	
608	020	082305	9041	76,500	2052112	\$4,617,500	06/23/04	\$60.36	POTOSHNIK FUEL	RM-I	4	Y	
608	020	132204	9113	68,290	2087323	\$4,458,275	11/19/04	\$65.28	KEEPSAKE MINI STORAGE	M2	1	Y	
608	020	212204	9078	15,648	2115092	\$825,000	04/14/05	\$52.72	MIDWAY STORAGE CENTER	GC	1	Y	
608	020	262205	9110	20,320	2030110	\$2,352,000	04/08/04	\$115.75	MERIDIAN SELF STORAGE	CC	4	Y	

Improvement Sales for Area 608 with Sales Not Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
608	010	032605	9136	60,909	2267518	\$9,595,000	02/12/07	\$157.53	WOODINVILLE MINI-STORAGE	O	1		sale after lien date
608	010	197720	1055	20,388	2295838	\$2,204,000	06/25/07	\$108.10	DOWNTOWN SELF STORAGE	DMC 240	1		sale after lien date
608	010	277160	4950	80,500	2288002	\$5,500,000	05/30/07	\$68.32	MAGNOLIA SELF STORAGE	IB U/45	1		sale after lien date
608	010	292604	9287	27,000	2264036	\$3,392,550	02/02/07	\$125.65	BRIAN & TONY'S	NC2-40	1		sale after lien date
608	010	342506	9020	76,160	2076484	\$7,500	09/28/04	\$0.10	Shurgard Mini Storage	OSO	1	24	Easement or right-of-way
608	020	042204	9062	44,653	2263968	\$3,700,000	01/19/07	\$82.86	U LOCK IT STORAGE	CB-C	1		sale after lien date
608	020	122103	9088	0	2108223	\$75	03/07/05	\$0.00	MINI-STG W/ 9025	BN	1	24	Easement or right-of-way
608	020	212204	9078	15,648	2207553	\$1,278	04/27/06	\$0.08	LOCK-TIGHT STORAGE - MIDWAY	GC	1	24	Easement or right-of-way
608	020	412700	0867	0	2201858	\$1,000	03/23/06	\$0.00	Maple Valley Mini Storage - imps	BP	1	24	Easement or right-of-way